

Message Text

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PAGE 01 KINSHA 09907 141053Z
ACTION AF-10

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SECSTATE FOR AF/C

E.O. 11652: N/A
TAGS: BDIS CG
SUBJECT: TRADE COMPLAINT: SOCIETE GENERAL D'ALIMENTATION VS.
AMERICAN JET INDUSTRIES, INC.

BEGIN UNCLAS

1. SUMMARY: COMMERCE REQUESTED TO MEDIATE IN TRADE DISPUTE WHICH HAS RISEN BETWEEN SOCIETE GENERAL D'ALIMENTATION (SGA) AND AMERICAN JET INDUSTRIES, INC.(A.J.I.), 7701 WOODLEY AVE., VAN NUYS, CALIFORNIA 91406. REQUEST FOR ASSISTANCE HAS BEEN MADE BY MR. LITHO MOBOTI, WHO IS THE PRESIDENT OF SGA AND PRESIDENT MOBUTU'S COUSIN AND CLOSE COLLABORATOR. END SUMMARY.

2. ON DEC 19,1977, LITHO AGREED WITH MR. ALLEN E. PAULSON, PRESIDENT OF AJI, FOR THE PURCHASE OF TWO LOCKHEED L-188 A AIRCRAFT (ELECTRA). FINAL PURCHASE PRICE FOR THE PLANES, SPARE PARTS AND OTHER EQUIPMENT WAS MORE THAN 2.5 MILLION DOLLARS. THE CONTRACT STIPULATED THAT THE AIRPLANES WERE TO BE DELIVERED TO SGA AT VAN NUYS, CALIFORNIA.

3. SUBSEQUENT TO SIGNING THE CONTRACT, ACCORDING TO LITHO,MR. PAULSON DREW UP A HANDWRITTEN SCHEDULE WHICH WAS TO BE CONSIDERED AN ANNEX TO THE CONTRACT. THE SCHEDULE ITEMIZED
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PAGE 02 KINSHA 09907 141053Z

ADDITIONAL COSTS OF FERRYING THE TWO PLANES TO ZAIRE AND FOR PROVIDING THREE WEEKS OF TRAINING FOR SGA'S AIR AND GROUND CREWS ON THE ELECTRAS. THE SCHEDULE, WHICH IS WRITTEN IN ENGLISHH, READS AS FOLLOWS:

17953: TRAVELING COSTS 5 PEOPLE AT 35.00 FOR 6 DAYS

5 X 35.00 X 6 EQUALS 105

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|---|-----------|
| FLIGHT TICKETS FOR RETURN FROM ZAIRE 5X958.00 | 4790.00 |
| FUEL 28,000 GAL. GAS AT .85 | 23,800.00 |
| LANDING FEES - NEW ORLEANS, SAN JUAN, BELEM, | |
| RECIFE, LIBERIA, KINSHASA 5X200.00 | 1000.00 |
| MISCELLANEOUS EXPENSES-CAPTAIN TO BE | |
| ACCOUNTED FOR ON ARRIVAL | 1000.00 |
| ADVANCE TO CAPTAIN FOR EXPENSES | ----- |
| | 31,640.00 |
| TRAINING CREW AGREED UPON FEE | |
| 3 WEEKS AT 16,675.00 DOLLARS | 11,544.00 |
| TOTAL MONEY FOR CREW IN ADVANCE | 43,184.00 |

IN ADDITION TO THE ABOVE YOU ARE TO FURNISH THE TRAINING CREW ACCOMMODATIONS WHILE THEY ARE IN ZAIRE CONSISTING OF ROOM AND BOARD. UNQUOTE.

ACCORDING TO GSA REPS, THE FERRY COST OF 31,640 DOLLARS WAS FOR EACH AIRPLANE.

4. BOTH AIRPLANES WERE PAID FOR IN FULL. IN ADDITION SGA PAID 74,824 DOLLARS TO AJI FOR FERRYING AND TRAINING AS PRESCRIBED IN THE SCHEDULE CITED ABOVE. THE FIRST PLANE LEFT CALIFORNIA WITH A CREW OF FIVE PROVIDED BY AJI ON AUGUST 14 AND ARRIVED IN ZAIRE ON AUGUST 21. THE CREW LEFT SHORTLY THEREAFTER TO PICK UP THE SECOND PLANE, WHICH LEFT CALIFORNIA AUGUST 27 AND ARRIVED IN KINSHASA ON SEPTEMBER 5.

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PAGE 03 KINSHA 09907 141053Z

5. LITHO STATES, HOWEVER, THAT THE MECHANICS SENT BY AJI PROVIDED TRAINING FOR HIS MAINTENANCE PEOPLE ONLY FROM AUGUST 22 TO SEPTEMBER 2, AND THAT THE PILOT PROVIDED TRAINING ONLY FROM AUGUST 22 TO 26, BEFORE HE LEFT TO FERRY THE SECOND PLANE TO ZAIRE. THE PILOT IS CURRENTLY IN ZAIRE AND HAS AGREED TO GIVE TEN DAYS OF FURTHER INSTRUCTION FOR AN ADDITIONAL 1500 DOLLARS -- WHICH LITHO HAS PAID. ACCORDING TO LITHO THE CREW MEMBERS STATED THAT THEY HAD BEEN PAID ONLY THROUGH SEPTEMBER 2. WHEN HE PROTESTED TO AJI, HE SAYS, HE WAS TOLD THAT THE PERIOD OF TRAINING COMMENCE WITH THE DEPARTURE OF THE FIRST PLANE ON AUGUST 14. LITHO STATES FURTHER THAT THE TWO MECHANICS SENT BY AJI TO PROVIDE TRAINING WERE NOT LICENSED AS INSTRUCTORS BY THE FAA AND THEREFORE WERE UNABLE TO GIVE CERTIFICATES OF APTITUDE TO THE MECHANICS THEY TRAINED IN ZAIRE.

6. LITHO PROTESTS THAT AJI IS DISHONEST IN DEFINING THE FERRY SERVICE AS PART OF THE TRAINING. HE STATES THAT THERE WAS NO ONE FROM HIS COMPANY ABOARD THE AIRPLANES DURING THE FERRY FLIGHTS AND IN NO SENSE COULD THE FERRYING BE CONCEIVED OF AS TRAINING. HE REQUESTS THAT AJI PROVIDED THE PROMISED 3 WEEKS OF TRAINING BY QUALIFIED INSTRUCTORS OR THAT THE 11,544 DOLLARS HE PAID FOR TRAINING BE REFUNDED TO HIM.

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7. LITHO MOBOTI IS THE TRADITIONAL HEAD OF PRESIDENT MOBUTU'S FAMILY. AS SUCH HE IS EXTREMELY CLOSE TO THE PRESIDENT AND THE PRESIDENT SUPPORTS HIM IN BOTH HIS BUSINESS AND POLITICAL CAREERS IN ZAIRE.

8. COMMENT: ALTHOUGH THIS OPINION WAS NOT EXPRESSED TO LITHO, THE COMMERCIAL ATTACHE FINDS IT EXTRAORDINARY THAT AJI SHOULD HAVE USED THE TERM QUOTE TRAINING UNQUOTE TO DESCRIBE THE SERVICES RENDERED. FURTHERMORE, IN THE CONTEXT OF A 2.5 MILLION DOLLAR SALE, THE AOUNT OF MONEY IN QUESTION IS HARDLY WORTH SOURING RELATIONS WITH AN INFLUENTIAL CUSTOMER.
END LOU

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9. ACTION: EMBASSY WOULD APPRECIATE AN EFFORT BY COMMERCE TO ACHIEVE AN EARLY AND AMICABLE SETTLEMENT OF THIS MATTER.
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Message Attributes

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Disposition Action: RELEASED
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